

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committee on
WAYS AND MEANS

Thursday, March 28, 2019
10:15 A.M.
State Capitol, Conference Room 211

In consideration of
HOUSE BILL 1033, HOUSE DRAFT 2, SENATE DRAFT 1
RELATING TO MANDATORY VESSEL INSURANCE COVERAGE

House Bill 1033, House Draft 2, Senate Draft 1 proposes to: (1) Require owners of vessels that are required to register with the State, or that operate a U.S. Coast Guard documented vessel in state waters, to obtain vessel coverage; (2) Specify the types of insurance coverage required; (3) Exempt certain vessels from the mandatory insurance coverage requirement; and (4) Authorize the Chairperson of the Board of Land and Natural Resources to adopt administrative rules concerning mandatory vessel insurance. **The Department Land and Natural Resources (Department) strongly supports this measure.**

Most states, including Hawai'i, require vessel operators to maintain a minimum insurance coverage amount if mooring their boats in a state facility. In 2009, the Department began requiring mandatory insurance coverage as a condition of obtaining a mooring permit for state small boat harbors. Although the number of uninsured vessels has decreased as a result of this requirement, there are still a significant number of vessels that are not required to maintain insurance coverage because they do not hold a mooring permit for a state small boat harbor. Despite not being required to maintain insurance coverage, these vessels may still use launch ramps to access ocean waters and may still operate on waters of the State.

There are currently two other states that have enacted mandatory vessel insurance laws that apply to all recreational vessels being operated on the waters of those states: Arkansas and Utah. In Arkansas, all motorboats more than 50 horsepower and all thrill craft must be covered by a liability insurance policy providing at least \$50,000 of liability coverage. In Arkansas, it is illegal to operate a thrill craft without the required minimum insurance coverage. In Utah, all motorboats 50 horsepower and greater, except airboats, and all thrill craft are required to carry owner's or operator's liability insurance when operated on Utah waters. Utah's boat insurance

policy requires the following minimum coverage amounts: \$25,000 for bodily injury per person; \$50,000 for total bodily injury if multiple people are hurt in the accident; and \$15,000 for property damage. It is illegal to operate a thrill craft on Utah waters without the required minimum insurance coverage.

While Arkansas and Utah aim to mainly address insurance coverage for injuries and property damage, this measure will allow the Department to address injuries, property damage, and the equally important issue of removal costs for grounded and sunken vessels. An insurance policy providing hull removal coverage will ensure coverage in the event of a grounding or sinking, but lack of hull removal coverage results in costs being passed onto the State.

Since 2002, the Department has recorded 373 vessels, either grounded, sunk, or abandoned, that it would have been responsible for. Of those 373 vessels, the Department's Division of Boating and Ocean Recreation (DOBOR) removed 91 vessels and expended \$2,263,440.45 from the boating special fund to address the 91 vessels because the vessels were uninsured.

Requiring owners of all vessels operating in or on the waters of the State to obtain insurance would greatly reduce the resources that the Department must expend to remove a grounded or sunken vessel and ensure the owner's insurance company would pay for the removal. Also, the insurance required by this measure would cover incidents that may occur when utilizing a launch ramp or other state facility.

Thank you for the opportunity to comment on this measure.

HB-1033-SD-1

Submitted on: 3/25/2019 11:24:33 AM

Testimony for WAM on 3/28/2019 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Tubbs	Testifying for Hawaii Tropical Fish Association	Oppose	No

Comments:

Opposed to HB 1033

Aloha from Ron Tubbs,

If only a few have to get insurance (ie 26 foot boats or bigger) then cost will be high and unfair for those few who have to get insurance. My cost for my boat under one major company geico is 1800 a year (3 times the cost of my truck insurance); If everyone has to get insurance maybe that amount will decline. That should be in the bill; to ensure all are paying low equal amounts. Insurance companies will charge higher rates for small population coverage.

Those who cause damage without insurance will still not carry insurance and the issue will still be unsolved.

I have been fishing Hawaii's waters for 40 years and now own a 30 foot boat used for pleasure and part time fishing. Just because my boat is bigger it will now need to be insured under this 26 foot boat section. My boat is bigger because the seas around Hawaii are rough and larger boats are more seaworthy and safer. It is still light boat being of less weight than most 26 foot boats.

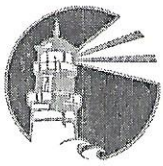
All boaters now have to take a boater safety course.

I have had issues getting insurance in the past. I had to get insurance for Molokai to Oahu race chase boat usage. It was very expensive hard to get, and took months to get the policy. Once I revised the policy it did not cover much liability. If I was not a home owner the cost would be much higher and cost even more if you could get it at all.

Most boats in Hawaii that run aground or cause injury or damage are tour boats and by law they already have to have insurance.

Please do not pass this bill it will hurt me and does no good for others either.

Ron Tubbs



Ocean Tourism Coalition

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REGULAR SESSION OF 2019

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

NOTICE OF DECISION MAKING

DATE: Thursday, March 28, 2019
TIME: 10:15 AM
PLACE: Conference Room 211

TESTIMONY OF THE OCEAN TOURISM COALITION IN SUPPORT OF HB1033HD2, SD1 RELATING TO MANDATORY VESSEL INSURANCE COVERAGE

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of WAM Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition (OTC), speaking in **SUPPORT to HB 1033HD2SD1 Relating to Mandatory Vessel Insurance Coverage.**

The OTC represents over 300 small ocean tourism businesses state wide. Most of these are family businesses which are locally owned and operated. All of them operate from State Boating Facilities managed by DLNR/DOBOR. They also carry at least \$1,000,000 insurance with DLNR listed as additionally insured.

In light of the continual expense of removing vessels that run aground from various reefs around the State caused by uninsured vessels and that these monies come directly out of the DOBOR Boating Fund which impacts DOBOR's ability to manage and maintain State Boating Facilities, it seems very reasonable to expect any owner of a vessel to be used on State Waters be insured.

We support the intent of HB1033, HD2,SD1.

Sincerely,

James E. Coon, President OTC

HB-1033-SD-1

Submitted on: 3/26/2019 3:48:18 PM

Testimony for WAM on 3/28/2019 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Zachary LaPrade	Testifying for Calypso Charters	Support	No

Comments:

This bill makes sense and the cost to boaters is nominal. Currently, the state is paying the bill for irresponsible boaters.

All car drivers are required to carry insurance, just as boat drivers should carry insurance. The state is spending millions of dollars to repair damage and dispose of boats that aren't insured. That money could be going to improving our derelict harbors. If you engage in an activity that is shared by others, you should be prepared (and willing) to fix anything you break. Many boat owners aren't insured and the state must fix damages caused by uninsured boaters.

Damage to state facilities, pollution, grounded vessels, damage to other boats and damages to ramps are just some of the reasons to require insurance. Many other states require boat insurance, and this measure will allow the Department to address injuries, property damage, and removal costs for grounded and sunken vessels.

Requiring owners of all vessels operating in or on the waters of the State to obtain insurance would greatly reduce the resources that the Department must expend to remove a grounded or sunken vessel and ensure the owner's insurance company would pay for the removal. Also, the insurance required by this measure would cover incidents that may occur when utilizing a launch ramp or other state facility.

This bill makes sense and should be passed.